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FOREIGN PRIVATE INVESTMENTS IN THE
LATIN AMERICAN FREE TRADE AREA

Note by the secretariat

In resolution 6 (II) the Trade Committee instructed the secretariat to undertake a study of foreign private investments in Latin America. In the Programme of Work and Priorities, 1959-60, item 31 (iv) Common market and payments, a request is made for a "comparative study of the incentives for new investment, both foreign and national, particularly in the industrial sector, and the disparities which may exist and lead to distortions in the common market. As the study must take into account the special conditions and the industrial policies of each country, it should be carried out with the active co-operation of the Governments and private industrial associations". The Organization of American States, for its part, adopted various resolutions on the same subject at the economic conferences it held at Buenos Aires (1957 and 1959).

In fulfilment of the above-mentioned decisions, the secretariat and the OAS appointed a Consultant Group to carry out a preliminary inquiry. For reasons explained in the report, the Group decided to concentrate on the countries forming the Latin American Free-Trade Area set up by virtue of the Montevideo Treaty (February 1960) at the same time as the Group was established.

The results of the inquiry have been published in the document entitled Foreign Private Investments in the Latin American Free Trade Area (E/CN.12/550, United Nations Publications, Sales N°: 60.II.G.5), which is submitted in printed form to the Trade Committee at its third session. In accordance with current practice, the consultants expressed their personal opinions which do not therefore necessarily reflect the views of the secretariat. The secretariat's views as regards certain aspects of foreign investments are set forth in the document entitled "Economic Development, Planning and International Co-operation" (E/CN.12/582). The secretariat proposes to continue and deal more thoroughly with the study of foreign investments in Latin America.